

Overall Guidelines for Incentive Pay for the Supervisory Board and Executive Board of Exiqon A/S

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1. Background

In order to greater transparency with regard to incentive schemes for members of the supervisory boards and executive boards of listed companies, a new provision has been incorporated into Section 69 b of the Danish Public Companies Act. The new provision entered into force on 1 July 2007 with effect from the first coming general meeting held after 1 July 2007, which for Exiqon A/S (the "Company") means at the extraordinary general meeting to be held on 31 January 2008.

Pursuant to Section 69 b of the Danish Public Companies Act the supervisory board of a listed company may not enter into agreements on incentive remuneration with a member of the company's supervisory board or executive board prior to the overall guidelines for the company's incentive schemes for the supervisory board and executive board having been approved by the shareholders at a shareholders' meeting.

In connection the Company's listing in May 2007 the Company's Board of Directors resolved to adopt an incentive scheme applicable to the Company's supervisory board, executive board, employees as well as external consultants and advisors. The Chairman of the Company's supervisory board, the Company's CEO and CFO have all been allocated warrants under this pro-gram. It is contemplated to expand and amend this program on certain issues, which can only be done following the general meeting's approval of the below stated overall guidelines for incentive schemes.

The purpose of these overall guidelines is to provide the Company's shareholders with an overall description of the rationale for incentive remuneration and insight into how the incentive schemes are applied by the supervisory board.

These guidelines deal with the overall guidelines for incentive schemes for members of the supervisory board and executive board of Exiqon. "Members of the executive board" means the manager(s) registered with the Danish Commerce and Companies Agency as such.

2. General principles

Being a biotechnological business whose core business it is develop, manufacture and market products for molecular biology analyses, the Company is highly dependant on adequate management and employee resources. The Company operates in an international environment and need on a current basis to recruit members to the supervisory board, managers and other employee competences internationally. Hence, the Company's incentive scheme is adjusted to comply with international standards. The incentive scheme contributes to the Company being able to offer a competitive remuneration package to members of the supervisory board and employees in order for the Company to be able to attract new and maintain existing members of the Company's supervisory board, executive board and key employees in the Company. Furthermore, incentive pay contribute to creating an incentive for such persons to work for a positive development of the Company and hence for such persons to benefit from the value that they contribute to the Company and the Company's shareholders.

The supervisory board has appointed a compensation committee who, inter alia, assist the supervisory board in implementing and administering the Company's incentive schemes, including in order to ad-just specific incentive pay to the Company's short and long term strategy.

On the basis of a recommendation submitted by the compensation committee, the supervisory board decides on specific incentive pay.

Incentive schemes may consist of share options, share subscription rights (warrant), phantom shares and cash bonuses. In addition, members of the executive board will always be eligible for participation in general employee share option programmes.

3. Share-based instruments

Under the Company's existing incentive scheme share subscription rights (war-rants) may be issued during the period until 2 May 2012 to members of the Company's supervisory board and management, employees in the Company and its subsidiaries as well as external consultants and advisors giving the right to subscribe for up to nom DKK 4,500,000 shares, part of which has been issued, provided, however, that the total number of warrant outstanding under previous authorisations and under the existing authorisation may not amount to more than 12% of the Company's nominal share capital.

As part of its annual and quarterly accounts the Company publishes information on the status of allocated warrants.

The supervisory board decides on allocation of warrants to the persons comprised by the scheme - typically once a year - on the basis of the following overall principles.

- Max. 1.25% of the share capital in warrants may be allocated to the Chairman of the supervisory board
- Max 0.1% of the share capital in warrants may be allocated to other members of the supervisory board
- Max 6% of the share capital in war-rants may be allocated to the Company's executive board, pro-vided, however that each individual member of the executive board may be allocated up to 4% warrants.

Allocated warrants vest and may be exercised by 1/36 over a period of 3 years. The vesting period may be accelerated under certain circumstances, including a change of control of the Company.



Unexercised warrants become null and void after expiry of the first exercise period following 36 months after allocation. Warrants matured for exercise may be exercised to subscribe for new shares in the Company during a period of 28 days from publication of the Company's annual and quarterly reports.

Each warrants gives the holder a right to subscribe for one share of nom. DKK 1 in the Company at a price equivalent to the market price at the time of allocation with a premium of 5% pro anno, provided, how-ever, that the exercise price and/or number of allocated warrants may be adjusted under certain circumstances, including certain share capital amendments made at a price below the market price. The supervisory board decides on a case by case basis which tax scheme the war-rants shall be issued under.

Warrants issued under the Company's existing incentive scheme have been is-sued in accordance with Section 28 of the Danish Tax Assessment Act, which implies that the Company may deduct the un-realised loss which may arise if the exercise price is lower than the market price at the time of exercise of the warrants.

The fair value of the issued warrants is disclosed in the Company's annual and quarterly accounts. The fair value of issued warrant (issued to the Chairman of the supervisory board and the CEO) comprised by these guidelines (a total of 756,001 warrants) was recognised at DKK 11.40 per warrant as of 30 September 2007 based in the Black-Scholes model. The estimated present value of such warrants was made up to DKK 8,618,000 as of 30.

Other assumptions for the statement as of 30 September 2007 are:

- No dividends per share
- Volatility of 50 %
- Risk-free interest of 4.25% pro anno
- Share price of DKK 36.4 per share of nom. DKK 1 as of 30 September 2007

4. Non-share-based instruments 4.1 The Company's Stock Appreciation Rights Programme

In connection with the Company's listing the supervisory board adopted a Stock Appreciation Rights programme for employees in Exiqon Inc. under which programme stock appreciation rights ("SAR"), which is a form of phantom shares, may be issued.

Issued SAR vest over a period of 3 years with 1/36 each months starting the first months after allocation. Unexercised SAR lapse automatically 2 May 2012.

Upon exercise of SAR the holder is entitled to received a cash amount from the Company equal to the difference between the price on the Company's shares on the exercise date and the price on the allocation date deduced 5 % pro anno times the number of shares in the Company for which SAR is exercised.

The number of issued SAR and the exercise price may be adjusted and vesting and exercise periods may be accelerated under certain circumstances, including change of control of the Company.



4.2 Cash bonus

An annual cash bonus may be granted based in principle upon the fulfilment of targets defined for each individual member of the executive board in relation to his or her personal development and business area which has been agreed on an individual basis for the accounting year in question.

The size of the bonus will depend upon the degree of fulfilment of each of the predefined targets.

The supervisory board may also in individual years decide whether to grant a completely discretionary bonus and, if so, the size of such bonus. Such bonus may for instance be based on extraordinary circumstances, performance or the attainment of specific results.

It is not possible to determine the present value of any discretionary cash bonuses, but it may on attainment of the predefined targets amount to up to 30% of the basic salary. In the fiscal year in which such bonus is earned, the costs for such grant will be charged to the profit and loss account and appear from the annual report.

Any cash bonus earned will be paid upon the adoption by the board of directors and the general meeting, if relevant, of the relevant annual report. These guidelines are also expected to be complied with in relation to incentive schemes applicable to other persons than directors and managers.

As adopted by the board of directors of Exiqon's on 18 January 2008 and approved by the general meeting on 31 January 2008.

Thorleif Krarup

Chairman of the supervisory board